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FINANCIAL REPORT

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CONSOLIDATED WATERWORKS

DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 26 2000

FINANCIAL REPORT

CONSOLIDATED WATERWORKS DISTRICT NO. 1

PARISH OF JEFFERSON

STATE OF LOUISIANA

DECEMBER 31, 1999 and 1998

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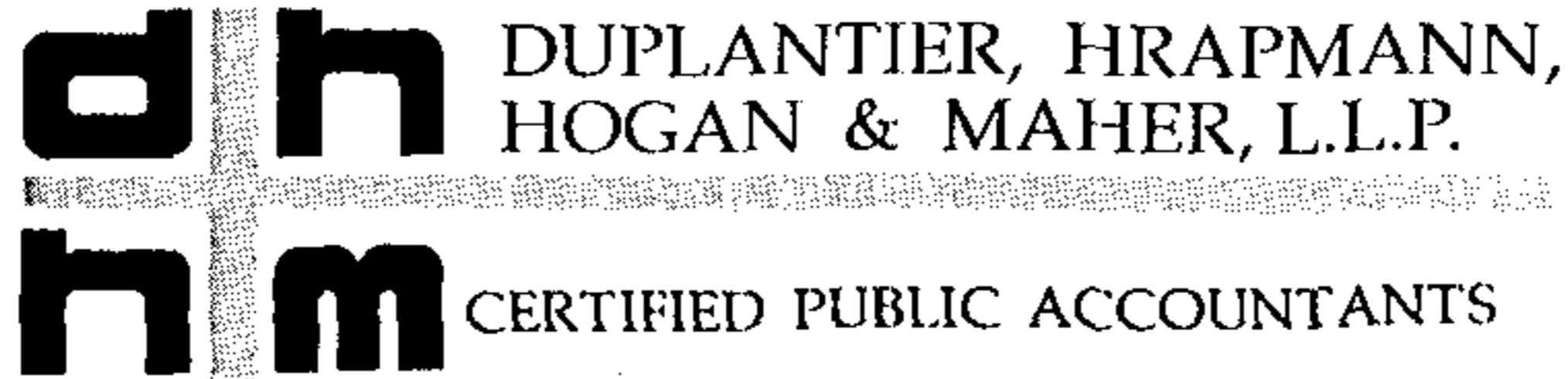
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INDEPENDENT AUDITOR'S REPORT

April 3, 2000

The Honorable Parish President and
The Honorable Jefferson Parish Council
Jefferson Parish, Louisiana

We have audited the accompanying component unit financial statements of the Jefferson Parish Consolidated Waterworks District No. 1, a component unit of the Parish of Jefferson, State of Louisiana, under generally accepted accounting principles, as of and for the years ended December 31, 1999 and December 31, 1998, as listed in the table of contents to the report. These financial statements are the responsibility of management of the Jefferson Parish Consolidated Waterworks District No. 1. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Parish Consolidated Waterworks District No. 1 as of December 31, 1999 and 1998, and the results of operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 3, 2000 on our consideration of the Jefferson Parish Consolidated Waterworks District No. 1's internal control structure and on its compliance with laws and regulations.

Duplantier, Hrapmann, Hogan & Maher LLP

COMPONENT UNIT FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Balance Sheets

December 31, 1999 and 1998

ASSETS	<u>1999</u>	<u>1998</u>
Current assets		
Cash and cash equivalents	\$ 1,372,179	\$ 2,607,836
Share of pooled assets	7,413,667	5,892,820
Receivables		
Accounts	4,172,394	4,544,398
Ad valorem taxes	732,929	697,699
Due from other governments	2,002	72,793
Miscellaneous	37,498	303,438
Accrued interest	21,970	
Inventory, at average cost	<u>2,571,095</u>	<u>2,963,079</u>
Total current assets	<u>16,323,734</u>	<u>17,082,063</u>
Restricted assets		
Customers' meter deposit fund	4,074,023	4,232,591
Construction fund	<u>36,125,006</u>	<u>36,154,823</u>
Total restricted assets	<u>40,199,029</u>	<u>40,387,414</u>
Property, plant, and equipment		
Land	1,743,465	1,743,465
Plant and equipment	<u>173,978,203</u>	<u>170,515,345</u>
	175,721,668	172,258,810
Less accumulated depreciation	<u>(74,718,562)</u>	<u>(70,186,069)</u>
	101,003,106	102,072,741
Construction in progress	<u>12,610,502</u>	<u>2,954,190</u>
Total property, plant, and equipment	<u>113,613,608</u>	<u>105,026,931</u>
TOTAL ASSETS	<u>\$ 170,136,371</u>	<u>\$ 162,496,408</u>

[Continued]

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Balance Sheets (Continued)

December 31, 1999 and 1998

LIABILITIES AND FUND EQUITY	<u>1999</u>	<u>1998</u>
Current liabilities		
Due to other governments	\$ 327,137	\$ 379,902
Accounts payable	144,164	302,821
Retainage payable	54,430	2,642
Sales taxes payable	32,197	24,208
Accrued payroll expenses	2,008,993	2,002,034
Accrued claims payable	500,000	
Deferred revenue	734,837	701,465
	<u>3,801,758</u>	<u>3,413,072</u>
Current liabilities payable from restricted assets		
Due to operating fund	37,498	303,421
Contracts payable	519,001	578,443
Retainage payable	360,402	130,290
Customers' meter deposits payable	4,036,524	3,929,170
Deferred revenue	6,113,840	5,836,191
	<u>11,067,265</u>	<u>10,777,515</u>
Total liabilities	<u>14,869,023</u>	<u>14,190,587</u>
Fund equity		
Contributed capital		
Parish	866,143	876,385
Subdividers	2,684,745	2,892,815
Citizens	157,423	168,998
Ad valorem tax bonds	6,311,719	6,545,599
Other governments	1,832,617	1,953,504
Federal government	2,786,766	2,994,477
	<u>14,639,413</u>	<u>15,431,778</u>
Retained earnings		
Reserved for construction	29,131,763	29,609,899
Unreserved	111,496,172	103,264,144
	<u>140,627,935</u>	<u>132,874,043</u>
Total fund equity	<u>155,267,348</u>	<u>148,305,821</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 170,136,371</u>	<u>\$ 162,496,408</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Statements of Revenues, Expenses and Changes in Retained Earnings
For the Years Ended December 31, 1999 and 1998

	1999	1998
Operating revenue		
Water sales	\$ 14,769,704	\$ 15,774,136
Service charges	2,057,411	2,122,454
Sprinkler charges	194,673	146,606
Delinquent charges	406,985	427,019
Installation and reconnection fees	402,366	411,471
Miscellaneous	209,541	168,998
	<u>18,040,680</u>	<u>19,050,684</u>
Operating expenses		
Personal services - Salaries & wages	5,730,061	5,236,089
Personal services - Employee benefits	1,324,139	1,184,213
Supplies	2,148,351	2,107,291
Purchased Services - Professional and Technical	3,422,899	3,404,006
Purchased Services - Property	2,941,828	2,472,313
Purchased Services - Other	1,357,046	1,111,639
General	54,268	40,522
Depreciation	4,645,562	4,507,212
	<u>21,624,154</u>	<u>20,063,285</u>
Total operating expenses		
	<u>21,624,154</u>	<u>20,063,285</u>
Operating income (loss)	<u>(3,583,474)</u>	<u>(1,012,601)</u>
Nonoperating revenues (expenses)		
Taxes	6,406,545	6,207,668
State revenue sharing	634,098	664,391
Intergovernmental revenue	14,486	71,469
Interest income	2,434,142	2,326,407
Probable claims	(500,000)	
	<u>8,989,271</u>	<u>9,269,935</u>
Nonoperating revenues (expenses)		
	<u>8,989,271</u>	<u>9,269,935</u>
Income before operating transfers	<u>5,405,797</u>	<u>8,257,334</u>
Operating transfers in/(out)	<u>(38,892)</u>	<u>(73,637)</u>
Net income	<u>5,366,905</u>	<u>8,183,697</u>
Add depreciation on property, plant, and equipment acquired by capital contributions that reduces contributed capital	<u>826,255</u>	<u>832,549</u>
Increase in retained earnings	<u>6,193,160</u>	<u>9,016,246</u>
Retained earnings, beginning of year	132,874,043	124,500,097
Prior period adjustment		(642,300)
Retained earnings(restated), beginning of year	<u>132,874,043</u>	<u>123,857,797</u>
Residual equity transfer	<u>1,560,732</u>	
Retained earnings, end of year	<u>\$ 140,627,935</u>	<u>\$ 132,874,043</u>

The accompanying notes are an integral part of this statement.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Statements of Cash Flows

For the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities		
Operating income (loss)	\$ (3,583,474)	\$ (1,012,601)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,645,562	4,507,212
Changes in assets and liabilities		
(Increase) decrease in receivables	709,413	(986,634)
(Increase) decrease in inventory	391,984	344,825
Increase (decrease) in payables	(764,400)	(420,628)
Increase (decrease) in accrued liabilities	6,959	139,388
Increase (decrease) in customers' meter deposits payable	107,354	100,430
Total adjustments	5,096,872	3,684,593
Net cash provided by (used for) operating activities	1,513,398	2,671,992
Cash flows from noncapital financing activities		
Taxes	709,856	687,340
State revenue sharing	634,098	664,391
Operating transfers (to)/from other Jefferson Parish funds	(38,892)	(73,637)
Net cash provided by (used for) noncapital financing activities	1,305,062	1,278,094
Cash flows from capital and related financing activities		
Taxes	5,675,280	5,507,731
Acquisition of fixed assets	(479,091)	(230,831)
Additions to construction in progress	(12,187,271)	(3,159,095)
Residual equity transfer	1,560,732	
Additions from Lien Ordinances		17,549
Net cash provided by (used for) capital and related financing activities	(5,430,350)	2,135,354

[Continued]

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Statements of Cash Flows (Continued)

For the Years Ended December 31, 1999 and 1998

	1999	1998
Cash flows from investing activities		
Purchase of investments	\$ (22,247,674)	\$ (20,240,383)
Proceeds from sales and maturities	22,111,571	21,079,312
Interest on investments	2,418,873	2,339,176
	2,282,770	3,178,105
Net cash provided by (used for) investing activities		
	(329,120)	9,263,545
Net increase (decrease) in cash and cash equivalents		
Cash and cash equivalents, January 1	39,190,676	29,927,131
Cash and cash equivalents, December 31	\$ 38,861,556	\$ 39,190,676
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital	\$ 30,890	\$ 20,696
Acquisitions of fixed assets with capital contributions	(30,890)	(20,696)
	\$	\$
Cash and cash equivalents at December 31 consists of:		
Current assets:		
Cash and cash equivalents	\$ 1,372,179	\$ 2,607,836
Share of pooled assets	7,413,667	5,892,820
	8,785,846	8,500,656
Restricted assets:		
Cash	54,936	342,906
Share of pooled assets	30,020,774	30,347,114
	30,075,710	30,690,020
Total	\$ 38,861,556	\$ 39,190,676

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements
December 31, 1999 and 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Waterworks District No. 1 of the Parish of Jefferson (the District) was created effective January 1, 1992, pursuant to Ordinance #18418, adopted by the Jefferson Parish Council on December 4, 1991, and includes all of the territory within former East Jefferson Waterworks District Number One and Consolidated Waterworks District No. 2 of the Parish of Jefferson, Louisiana (which included the former Sub-Waterworks District No. 1 of Consolidated Waterworks District No. 2 of the Parish of Jefferson, Louisiana). The District was established for the purpose of maintaining an adequate supply of water for the residents of the unincorporated and certain incorporated areas of Jefferson Parish, Louisiana. The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. REPORTING ENTITY

For financial reporting purposes in conformance with Governmental Accounting Standards Board Statement No. 1, the District is a component unit of Jefferson Parish, Louisiana (the Parish), the reporting entity (the Oversight Unit). The accompanying financial statements present information only as to the transactions of the District and are not intended to present fairly the financial position and results of operations of Jefferson Parish, Louisiana.

2. FUND ACCOUNTING

The accounts of the District are organized and operated on a fund basis whereby a separate self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenses is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District is presented in the accompanying financial statements as follows:

a. Proprietary Fund

- (1) The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

3. BASIS OF ACCOUNTING

The Proprietary Fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," it is the District's policy to apply all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The District has not adopted any Financial Accounting Standards Board Statements or Interpretations, Accounting Principles Board Opinion or Accounting Research Bulletins of the Committee on Accounting Procedure issued after November 30, 1989.

4. CASH, INVESTMENTS AND SHARE OF POOLED ASSETS

The "Share of Pooled Assets" of the District are pooled in the appropriate Jefferson Parish consolidated funds and invested directly by the Parish. Interest earned on the pooled investments is allocated to the various funds based on each fund's month-end "Share of Pooled Assets" balance. Pooled assets are carried at cost plus accrued interest.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH, INVESTMENTS AND SHARE OF POOLED ASSETS (Continued)

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Louisiana statutes permit the District to invest in United States bonds, treasury notes, or certificates or other obligations of the U.S. Government and agencies of the U.S. Government which are federally sponsored, and certificates of deposit of state banks and national banks having their principal office in the state of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable.

6. INVENTORY

Inventory of materials and supplies in the District is valued at average cost.

7. RESTRICTED ASSETS

Restricted assets consist of: 1) The "Customers' Meter Deposit" account, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service, and 2) The "Construction Fund" account, which is used to segregate those resources accumulated by transfers from the operating fund to be used for capital improvements and renovations.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment associated with the activity of the District are recorded as assets of that fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Also, assets are capitalized for those acquired through capital contributions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of these assets is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives may be found in Note E. Depreciation expense applicable to those fixed assets acquired through capital contributions is closed out to the related contributed capital accounts rather than retained earnings. It is considered preferable under the matching concept, as receipts of these fixed assets have been recorded as additions to contributed capital.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

9. COMPENSATED ABSENCES

Vacation (annual leave) and sick pay (sick leave) are accrued when incurred in the District.

10. FUND EQUITY

Contributed capital is recorded for assets acquired by contributions from developers, customers, or other funds.

A portion of total retained earnings of the District is reserved to indicate that a part of fund equity is legally restricted for a specific future use. Reserves for construction and from former Eastbank and Westbank Districts are provided for in the financial statements.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE B – CASH, POOLED ASSETS, AND INVESTMENTS

CASH

At December 31, 1999 and 1998, the carrying amount of the District's unrestricted deposits were \$1,372,179 and \$2,607,836 respectively; the bank balances were \$639,412 and \$2,498,993, respectively. At December 31, 1999 and 1998 the carrying amount of the District's restricted deposits were \$54,936 and \$342,906, respectively; the bank balances were \$64,622 and \$361,906, respectively. No deposits were unsecured or uncollateralized at year end.

POOLED ASSETS

Pooled assets consist of cash. At December 31, 1999 and 1998 the District's share of unrestricted pooled assets were \$7,413,667 and \$5,892,820, respectively. At December 31, 1999 and 1998 the District had restricted pooled assets in the amount of \$30,020,774 and \$30,347,114, respectively. Some of the District's bank deposits are held at the same financial institutions as other funds of Jefferson Parish, thus sharing the maximum amount of federal depository insurance of that institution. No amounts were uninsured or uncollateralized at year end.

INVESTMENTS

The District's investments at December 31, 1999 and 1998 are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

	<u>1999</u>		<u>1998</u>		
	<u>CARRYING VALUE</u>	<u>MARKET VALUE</u>	<u>CARRYING VALUE</u>	<u>MARKET VALUE</u>	<u>CATEGORY</u>
U. S. Government Securities	\$ -	\$ -	\$ -	\$ -	1
U. S. Instrumentality securities (FNMA, FNHLB, etc.)	<u>\$ 4,019,087</u>	<u>\$ 4,019,087</u>	<u>\$ 3,889,685</u>	<u>\$ 3,889,885</u>	1
	<u>\$ 4,019,087</u>	<u>\$ 4,019,087</u>	<u>\$ 3,889,685</u>	<u>\$ 3,889,885</u>	

Market values are furnished by the Parish's investment custodian.

NOTE C - RECEIVABLES

Receivables consist of the following at December 31:

	<u>1999</u>	<u>1998</u>
Accounts	\$ 4,172,394	\$ 4,544,398
Ad Valorem Taxes	732,929	697,699
Due from Other Governments	2,002	72,793
Miscellaneous	37,498	303,438
Accrued Interest	<u>21,970</u>	<u>-</u>
	<u>\$ 4,966,793</u>	<u>\$ 5,618,328</u>

The District considers unbilled receivables at year-end to be those amounts for water services received by customers in the current year, but not actually billed by the District until the following year. The unbilled receivable at December 31, 1999 and 1998 is \$1,874,951 and \$2,166,267, respectively.

The District had a receivable due from Jefferson Parish Sheriff's Department as of December 31, 1999 and 1998 in the amount of \$8,265 and \$4,174, respectively.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE D - RESTRICTED ASSETS

Restricted assets are comprised of the following:

	1999		
	CUSTOMERS' DEPOSIT FUNDS	CONSTRUCTION FUNDS	TOTAL
Cash	\$ 54,936	\$ -	\$ 54,936
Investments	4,019,087	-	4,019,087
Share of pooled assets	-	30,020,774	30,020,774
Ad valorem taxes receivable	-	6,097,969	6,097,969
Due (to) from other governments	-	6,263	6,263
	\$ 4,074,023	\$ 36,125,006	\$ 40,199,029
	1998		
	CUSTOMERS' DEPOSIT FUNDS	CONSTRUCTION FUNDS	TOTAL
Cash	\$ 342,906	\$ -	\$ 342,906
Investments	3,889,685	-	3,889,685
Share of pooled assets	-	30,347,114	30,347,114
Ad valorem taxes receivable	-	5,804,859	5,804,859
Due (to) from other governments	-	2,850	2,850
	\$ 4,232,591	\$ 36,154,823	\$ 40,387,414

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE E - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 1999 follows:

	BALANCE DECEMBER 31, 1998	ADDITIONS	COMPLETED CONSTRUCTION IN PROGRESS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1999
Buildings	\$ 8,098,404	\$	\$ 16,250	\$	\$ 8,114,654
Distribution system	119,505,951		2,824,578		122,330,529
Plants	36,694,125		76,217		36,770,342
Improvements	373,308		23,856		397,164
Furniture & fixtures	632,993				632,993
Equipment	3,276,234	209,852	107,560	(19,324)	3,574,322
Vehicles	1,934,331	323,361		(99,492)	2,158,200
	<u>170,515,346</u>	<u>533,213</u>	<u>3,048,461</u>	<u>(118,816)</u>	<u>173,978,204</u>
Land	1,743,464				1,743,464
	<u>172,258,810</u>	<u>533,213</u>	<u>3,048,461</u>	<u>(118,816)</u>	<u>175,721,668</u>
Construction in progress	2,954,190	12,704,773	(3,048,461)		12,610,502
	<u>\$ 175,213,000</u>	<u>\$ 13,237,986</u>	<u>\$</u>	<u>\$ (118,816)</u>	<u>\$ 188,332,170</u>

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1998	1999 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1999
Buildings	50	\$ 4,172,435	\$ 145,413	\$	\$ 4,317,848
Distribution system	25	46,878,719	2,972,499		49,851,218
Plants	25	14,183,431	1,205,900		15,389,331
Improvements	25	106,701	17,570		124,271
Furniture & fixtures	10	632,993			632,993
Equipment	10	2,677,711	168,510	(13,576)	2,832,645
Vehicles	5	1,534,079	135,670	(99,493)	1,570,256
		<u>\$ 70,186,069</u>	<u>\$ 4,645,562</u>	<u>\$ (113,069)</u>	<u>\$ 74,718,562</u>

Construction in progress is comprised of the following at December 31, 1999:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1999	COMMITTED	REQUIRED FUTURE FINANCING
Plant improvements	<u>\$ 38,059,580</u>	<u>\$ 12,610,502</u>	<u>\$ 25,449,078</u>	NONE

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE E - PROPERTY, PLANT, EQUIPMENT, DEPRECIATION AND CONSTRUCTION IN PROGRESS

A summary of changes in property, plant, equipment, depreciation and construction in progress for the year ended December 31, 1998 follows:

	BALANCE DECEMBER 31, 1997	ADDITIONS	COMPLETED CONSTRUCTION IN PROGRESS	NET TRANSFERS (TO) FROM OTHER FUNDS	BALANCE DECEMBER 31, 1998
Buildings	\$ 8,026,558	\$	\$ 71,846	\$	\$ 8,098,404
Distribution system	117,228,322		2,277,629		119,505,951
Plants	36,451,028		243,097		36,694,125
Improvements	373,308				373,308
Furniture & fixtures	632,993				632,993
Equipment	3,016,033	55,147	148,695	56,359	3,276,234
Vehicles	1,764,364	209,695		(39,728)	1,934,331
	<u>167,492,606</u>	<u>264,842</u>	<u>2,741,267</u>	<u>16,631</u>	<u>170,515,346</u>
Land	1,743,464				1,743,464
	<u>169,236,070</u>	<u>264,842</u>	<u>2,741,267</u>	<u>16,631</u>	<u>172,258,810</u>
Construction in progress	1,942,646	3,752,811	(2,741,267)		2,954,190
	<u>\$ 171,178,716</u>	<u>\$ 4,017,653</u>	<u>\$</u>	<u>\$ 16,631</u>	<u>\$ 175,213,000</u>

	LIFE	ACCUMULATED DEPRECIATION DECEMBER 31, 1997	1998 DEPRECIATION	NET TRANSFERS (TO) FROM OTHER FUNDS	ACCUMULATED DEPRECIATION DECEMBER 31, 1998
Buildings	50	\$ 4,027,903	\$ 144,532	\$	\$ 4,172,435
Distribution system	25	43,984,925	2,893,794		46,878,719
Plants	25	12,986,179	1,197,252		14,183,431
Improvements	25	90,472	16,229		106,701
Furniture & fixtures	10	632,993			632,993
Equipment	10	2,527,844	150,165	(298)	2,677,711
Vehicles	5	1,478,813	105,240	(49,974)	1,534,079
		<u>\$ 65,729,129</u>	<u>\$ 4,507,212</u>	<u>\$ (50,272)</u>	<u>\$ 70,186,069</u>

Construction in progress is comprised of the following at December 31, 1998:

	PROJECT AUTHORIZATION	EXPENDED TO DECEMBER 31, 1,998	COMMITTED	REQUIRED FUTURE FINANCING
Plant improvements	<u>\$ 14,358,478</u>	<u>\$ 2,954,189</u>	<u>\$ 11,404,289</u>	NONE

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE F- COMPENSATED ABSENCES

All full-time classified employees of the Parish hired prior to April 26, 1986, are permitted to accumulate and carry forward from one calendar year to the next a maximum of 90 days of accrued vacation (annual leave) and an unlimited number of days of accrued sick leave. Upon termination of employment, an employee is paid for his accumulated annual leave and, after 10 years of employment, has the option of receiving retirement credits (if eligible) or cash payment for one-half of his accumulated sick leave. Any employee who has a current balance of 90 or more days of annual leave may be reimbursed for any number up to, but not in excess of, 30 days. For budgetary purposes, requests for reimbursement must be submitted to the Finance Department in writing not later than October 1 of the year preceding the year in which reimbursement is to be made. At December 31, 1999 and 1998 the accrued annual and sick leave, and salary-related costs was \$1,808,148 and \$1,813,895, respectively.

Full-time classified employees hired after April 26, 1986, are permitted to carry forward no more than 20 days of accrued vacation (annual leave) and an unlimited number of days of accrued sick leave. Upon termination of employment an employee is paid for his accumulated annual leave and after 10 years of employment (vested) is paid up to 40 days of accrued sick leave.

Salary related costs (i.e., Medicare, Social Security, etc.) have been accrued as of December 31, 1999 and 1998 in accordance with GASB Statement #16 for those employees hired after April 1, 1986.

NOTE G - DUE TO OTHER GOVERNMENTS

The District had the following payables to other municipalities and governmental agencies for collections of RUDE and sewer and garbage service charges on their behalf:

	1999	1998
Jefferson Parish Sheriff	\$ 449	\$ 628
City of Harahan	50,134	27,811
City of Kenner	<u>276,554</u>	<u>351,463</u>
	<u>\$ 327,137</u>	<u>\$ 379,902</u>

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes To Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE H - CHANGES IN CONTRIBUTED CAPITAL

A summary of changes in the District's contributed capital accounts for the year ended December 31, 1999 and 1998 follows:

December 31, 1999					
	Beginning Balance	Assets acquired through capital contributions	Additions from closed out Lien Ordinances	Depreciation expense for the year	Total
Parish	\$ 876,385	\$ 33,890	\$	\$ (44,132)	\$ 866,143
Subdividers	2,892,815			(208,070)	2,684,745
Citizens	168,998			(11,574)	157,424
Ad valorem tax bonds	6,545,599			(233,880)	6,311,719
Other governments	1,953,504			(120,887)	1,832,617
Federal government	2,994,477			(207,712)	2,786,765
	\$ 15,431,778	\$ 33,890	\$	\$ (826,255)	\$ 14,639,413

December 31, 1998					
	Beginning Balance	Assets acquired through capital contributions	Additions from closed out Lien Ordinances	Depreciation expense for the year	Total
Parish	\$ 888,565	\$ 20,696	\$ 17,549	\$ (50,425)	\$ 876,385
Subdividers	3,100,885			(208,070)	2,892,815
Citizens	180,572			(11,574)	168,998
Ad valorem tax bonds	6,779,477			(233,878)	6,545,599
Other governments	2,074,392			(120,888)	1,953,504
Federal government	3,202,190			(207,713)	2,994,477
	\$ 16,226,081	\$ 20,696	\$ 17,549	\$ (832,548)	\$ 15,431,778

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE I - RETAINED EARNINGS RESERVES

Retained earnings reserved for construction are as follows:

	1999	1998
Balance at January 1	\$ 29,609,899	\$ 22,683,551
Interest earned	1,810,483	1,624,868
Construction costs incurred	(12,704,773)	(3,752,811)
Ad Valorem Taxes received	5,694,153	5,521,222
State Revenue Sharing received	566,061	593,104
Miscellaneous Income	96,088	39,452
General expense incurred	(70,386)	(29,487)
Transfers In (Out)	4,130,238	2,930,000
Balance at December 31	\$ 29,131,763	\$ 29,609,899

NOTE J - WATER RATES

Pursuant to Ordinance #18456, adopted by the Jefferson Parish Council on February 5, 1992, amending water quantity rates charged for the use of water, the following rates were applied to billings for all users of the System effective January 15, 1992:

MONTHLY BILLING (PER THOUSAND GALLONS)

First 0-3,000 gallons, minimum	\$ 2.00
Next 12,000 gallons	.92
Next 235,000 gallons	.76
Over 250,000 gallons	.63

BI-MONTHLY BILLING (PER THOUSAND GALLONS)

First 0-6,000 gallons, minimum	\$ 4.00
Next 24,000 gallons	.92
Next 470,000 gallons	.76
Over 500,000 gallons	.63

All other charges, including those for service charges, water meter installations, deposits on newly established accounts and fire service, sprinkler systems or internal fire protection system charges, remain the same as previously charged.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE K - AD VALOREM TAX (Continued)

The Parish levies an ad valorem tax on property as of November 15 of each year to finance the budget for the following year. The tax is due and becomes an enforceable lien on the property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date. Taxes are levied based on property values determined by the Jefferson Parish Assessor's office. All land and residential improvements are assessed at 10 percent of fair market value, and other property at 15 percent of fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff's Department which receives a certain millage for its services. The taxes remitted by the Sheriff's Department to the Parish are net of assessor's commission and pension fund contribution. Ad valorem taxes are recorded as revenue of the period for which levied, thus the 1998 property tax which was levied to finance the budget for 1999 was recorded as revenue for the year 1999. The 1999 property tax which was levied to finance the budget for 2000 is recorded as deferred revenue at December 31, 1999.

For the years ended December 31, ad valorem taxes were levied on behalf of the District as follows:

<u>PURPOSE</u>	<u>MILLAGE</u>	
	<u>1999</u>	<u>1998</u>
Maintenance and Operations:		
Consolidated Waterworks District No. 1	.5	.5
Capital Improvements:		
Consolidated Waterworks District No. 1	4.16	4.16

NOTE L - INTEREST COST

No interest cost was capitalized during the years ended December 31, 1999 and 1998. Interest expense incurred in the District during 1999 and 1998 was \$0 and \$0, respectively.

NOTE M - OPERATING TRANSFERS

The District had the following operating transfers:

<u>FUND TRANSFERRED TO OR FROM</u>	<u>1999</u>	<u>1998</u>
	<u>OPERATING TRANSFERS IN(OUT)</u>	<u>OPERATING TRANSFERS IN(OUT)</u>
Drainage Pump Stations Special Revenue	\$	\$ 30,000
Alario Center Capital Project		(100,000)
Sewer Capital Program	(38,892)	(38,892)
Drainage Capital Program		35,255
	<u>\$ (38,892)</u>	<u>\$ (73,637)</u>

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE N - RISK MANAGEMENT

GENERAL LIABILITY

The Parish is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To account for and finance its uninsured risks of loss, the Parish has established a General Liability Fund (an internal service fund). Under this program, the General Liability Fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim, \$500,000 for each general liability claim, and \$500,000 for each automobile claim. The Parish also purchases commercial insurance for claims in excess of coverage provided by the fund.

The District makes payments to the fund based on management's estimates of the amounts needed to pay prior and current year claims. These interfund "premiums" are reported as quasi-external transactions. The District's premiums were \$534,182 and \$440,224 for 1999 and 1998, respectively.

At December 31, 1999 and 1998 the total outstanding claims liability of the General Liability Fund was \$26,583,522 and \$21,066,042, respectively. The claim liability includes an estimated liability for incurred but not reported claims of \$10,323,471 and \$5,683,734 for 1999 and 1998, respectively. The estimated claim liability is determined by the third-party administrator based on historical information and anticipated payments. These liabilities are based on the requirements of GASB Statement 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable and the amount of the loss can be reasonably estimated. Claims liability is not available by individual fund.

NOTE O - COMMITMENTS AND CONTINGENCIES

HEALTH INSURANCE

The Parish provides health and accident insurance to its employees exclusively through health-maintenance organizations (HMO's) and point of service organizations (POS). Under these types of programs, the District pays initial premiums based on the level of the employee's participation and has no further liabilities on any claims.

The total amount of contributions by the District for health insurance was \$396,150 and \$362,516 for 1999 and 1998, respectively.

UNEMPLOYMENT COMPENSATION

The Parish is self-insured for unemployment claims filed with the state. To account for and finance these claims, the Parish has established a Self-Insurance Fund (an internal service fund) whereby each fund contributes .45 percent of its annual payroll into the fund. The contribution has been temporarily suspended until such time as additional funding is needed to cover outstanding claims.

LITIGATION

The District is a defendant in a number of claims and lawsuits resulting principally from personal injury, property damage, and construction claims. The Parish Attorney and the outside administrator of the Parish's Risk Management Fund have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the District and to arrive at an estimate, if any, of the amount or range of potential loss to the District. As a result of such review, the various claims and lawsuits have been categorized into "probable", "reasonably possible", and "remote" contingencies, as defined in FASB No. 5 for claims and judgments. Loss contingencies estimated at \$3,000,000 to 5,000,000 have been categorized as "probable". Of this amount only \$500,000 has been accrued as other liabilities of the District as of December 31, 1999 because the remainder is covered by insurance. There were no loss contingencies categorized as "probable" for 1998. The District's "reasonably possible" loss contingencies at December 31, 1999 and 1998 for which an amount of liability can be estimated, were \$500,000 and \$25,000, respectively.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE P - PENSION PLANS

The District's employees participate in the retirement systems described below. The pension expense recorded by the District for contributions to the retirement systems for the year ended December 31, 1999 and 1998 were \$512,075 and \$463,710, respectively.

Actuarial data and other information of the two plans, as it relates to the District, is unattainable for the separate component units of the Parish.

PLAN MEMBERSHIP

Substantially all of the Parish's full-time employees, except the firemen, are participants in The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan, and the Parochial Employees' Retirement System of Louisiana (the State Plan), a cost-sharing multiple-employer defined benefit plan.

The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan was merged with the State Plan and members of the Parish Plan also became members of the State Plan. Employees hired subsequent to the merger of the two systems may participate only in the State Plan.

THE EMPLOYEES' RETIREMENT SYSTEM OF JEFFERSON PARISH (The Parish Plan)

Plan Description

The Employees' Retirement System of Jefferson Parish Board of Trustees (The Board) administers The Employees' Retirement System of Jefferson Parish (the Parish Plan), a single-employer defined benefit pension plan created by Jefferson Parish Ordinance 11027. The Parish Plan covers employees who were hired prior to December 15, 1979. As of that date, the Parish Plan became a closed plan and was merged with the Parochial Employees' Retirement System of Louisiana (The State Plan) whereby members of the Parish Plan continued to be members of the State Plan.

The Board issues a publicly available financial report that includes financial statements and required supplementary information for the Parish Plan. The financial report for year ended December 31, 1998 may be obtained by writing to: The Employees' Retirement System of Jefferson Parish, 3331 Metairie Road, Metairie, LA 70001 or by calling 504-831-4040.

Employees who are members of the Parish Plan only receive benefits equal to one percent of the highest three-year average annual compensation plus two percent of the first \$1,200 of average compensation for each year of service. The benefits for employees who are members of the Parish Plan only, with less than 20 years of service, are reduced by three percent per year for each year participants receive benefits below the age of 62. Parish Plan participants who are also members of the State Plan receive benefits equal to three percent of the highest three-year average annual compensation for each year of service reduced by any amounts paid by the State Plan. The total combined payments of both plans may not exceed 100 percent of the member's final average compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable by the Parish Plan to the retiree's surviving spouse and minor children.

Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Parish Plan are prepared using the accrual basis of accounting. Contributions from employees are recognized as revenue in the period in which employees provide services. Contributions made by Jefferson Parish, the employer, are recognized when due and the employer has made a formal commitment to provide the contributions. Pension benefits and refunds of employee contributions are recognized when due and payable in accordance with the terms of the Parish Plan. Investment income is recognized as earned by the Parish Plan.

Method Used to Value Investments - All investments of the Parish Plan are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

Concentrations of Credit Risk - The Parish Plan had 49.4% of plan net assets invested in one mutual fund. Other than this mutual fund, no investment in any one organization, other than the U. S. Government, represented 5% or more of plan net assets.

Funding Policy - The Parish Council requires that the Parish Plan be funded on an actuarially sound basis. The funding policy provides for contributions from employee and employer which are actuarially determined. In 1999 employees made contributions of 6.05% of gross earnings and employer contributions were 7.48% of annual covered payroll.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
 Jefferson Parish, Louisiana
 Notes to Financial Statements (Continued)
 December 31, 1999 and 1998

NOTE P - PENSION PLANS(Continued)

Annual Pension Cost -- The annual pension cost of the Parish Plan for the current year was \$1,363,846 and the employer contributions were \$1,454,279. The annual required contribution for the current year was determined as part of the December 31, 1999 actuarial valuation using the Entry Age Normal Cost Method with Unfunded Actuarial Accrued Liability.

This method compares the theoretical reserve for service prior to the valuation date to plan assets. With this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over both the earnings and service of the individual between entry age (date of membership in the system) and assumed exit age.

Significant actuarial assumptions used in the valuation include: 1) a rate of return on the investment of present and future assets of 8.0% per year, compounded annually; 2) projected salary increases of 6.0% per year compounded annually, attributable to inflation of 3.25% and merit of 2.75%. The actuarial value of assets is set equal to market value of assets adjusted to defer one half of all realized and unrealized capital gains (losses) accrued during the year for one year. This technique smoothes the volatility of market values for investments. The unfunded actuarial accrued liability is being amortized over a 40 year period beginning on January 1, 1980 using a level dollar amortization method on an open basis.

Annual Pension Cost and Net Pension Obligation:

Annual required contribution	\$ 1,384,585
Adjustment to annual required contribution	<u>(20,739)</u>
Annual pension cost	1,363,846
Contribution made	<u>(1,511,331)</u>
Increase in net pension obligation	(147,485)
Net pension obligation beginning of year	<u>5,372,493</u>
Net pension obligation end of year	<u>\$ 5,225,008</u>

The liability amount is not available by individual fund and the full amount is recorded in the General Long-Term Debt Account Group of the Parish.

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
12/31/99	\$1,363,846	110.81%
12/31/98	1,450,326	94.61%
12/31/97	1,444,467	77.86%

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio Percentage</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
1999	\$24,158,811	\$34,070,857	\$ 9,912,046	70.91%	\$20,109,775	49.29%
1998	21,623,582	33,508,491	11,884,909	64.53%	20,617,755	57.64%
1997	20,043,556	32,946,135	12,902,579	60.84%	21,170,519	60.95%

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (The State Plan)

Plan Description

The Parochial Employees' Retirement System Board of Trustees (The Board) administers the Parochial Employees' Retirement System (the State Plan), a cost-sharing multiple-employer defined benefit plan established by the Louisiana legislature as of January 1, 1953, by Act 205 of 1952. The State Plan was revised by Act No. 765 of 1979, effective January 1, 1980, to create the Plan A and Plan B fund to replace the "regular plan" and the "supplemental plan". Plan B Fund replaced the "regular plan". State

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE P - PENSION PLANS(Continued)

The Plan is operating pursuant to LSA-R.S. 11:1901 through 11:2015. The State Plan covers employees who were hired subsequent to December 15, 1979.

Under the State Plan, a member is eligible for normal retirement if the participant has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100 percent of the member's final compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable to the retiree's surviving spouse and minor children.

The State Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report for the year ended December 31, 1998 may be obtained by writing to: The Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, La 70898.

Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are prepared on the accrual basis of accounting. Contributions from employers and employees are recognized as revenue in the period in which employees provide services to the employers benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rates.

Concentrations of Credit Risk – No investment in any one organization represents 5% or more of the net assets available for pension benefits.

Funding Policy – Member contributions, established by Statute at 9.5% of total compensation for Plan A and 2% of total compensation less \$100 per month for Plan B, are deducted from the members salary and remitted by the participating employers. Employer contributions are actuarially determined every fiscal year according to statutory process. The unfunded actuarial accrued liability is being amortized over a 30 year period under a frozen unfunded accrued liability method, assuming an investment rate of return of 8% and projected salary increases of 5.5%. Written notice of these rates is provided to employers annually. In 1998, these employer rates were 7.75% for Plan A and 2.50% for Plan B.

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
1998	\$24,904,461	100%
1997	22,284,111	100%
1996	20,399,933	100%

NOTE Q - DEFERRED COMPENSATION PLAN

The Parish offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Parish employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In 1996, the U. S. Congress passed the Small Business Job Protection Act of 1996, which requires that employer governments place all amounts deferred under IRC Section 457 into a trust for the exclusive benefit of participants and their beneficiaries. This change was allowed as early as January 1, 1997, but must be done by January 1, 1999. In prior years, these assets were solely the property of the Parish and subject to claims of general creditors, and were reported in the Jefferson Parish financial statements. During the year ended December 31, 1999, the Parish amended its Plan to comply with the requirements of the Act. The Parish no longer has ownership of the Plan assets and they are no longer reported in the financial statements.

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
Notes to Financial Statements (Continued)
December 31, 1999 and 1998

NOTE R - POST-RETIREMENT HEALTH CARE

Health Care

In addition to providing pension benefits, the Parish provides certain health care benefits for retired employees as authorized by Resolution No. 74791. Substantially all employees who reach normal retirement age while working for the Parish are eligible. The cost of these benefits are recorded as expenditures when the premiums are paid. The health care premiums for retired employees of the district amounted to \$132,666 and \$140,639 for 1999 and 1998, respectively.

Cost of Living Plan

In addition to the health care benefits noted above, the Parish also provides a supplement to retirees' pensions as authorized by Ordinance No. 18176. This benefit is available to retirees participating in either the Employees' Retirement System of Jefferson Parish or the Parochial Employees' Retirement System of Louisiana who have been retired for at least one year. This additional benefit is paid once a year and is calculated as 2% of the monthly benefit times the number of months the person has been retired including partial years. The minimum additional payment is \$350 and the maximum payment is \$1,200. Any additional payment due to the retiree per these calculations are further reduced by any cost of living adjustment benefits paid by the Parochial Employees' Retirement System of Louisiana (not available to all plan participants).

NOTE S - BOARD COMPENSATION

The District has no board compensation, as its governing authority is the Jefferson Parish Council whose compensation is disclosed in the Parish's Comprehensive Annual Financial Report.

NOTE T - RESIDUAL EQUITY TRANSFERS

Residual equity transfers in the District for December 31, 1999 were \$1,560,732. This amount consists of excess funds of \$1,135,397 transferred from two closed out Debt Service Funds. The remaining amount of \$425,335 was transferred from the Self-Insurance Internal Service Funds as a rebate of prior year insurance premiums to help defray the costs associated with the implementation of a new pay plan.

NOTE U - PRIOR PERIOD ADJUSTMENT

In the period ended December 31, 1997, the District's inventory on their trucks was overstated. As a result fund balance as of January 1, 1998, has been restated. The effect of the restatement is to increase supplies by \$642,300 and decrease inventory by \$642,300. The restatement has no effect on current period income or total assets.

NOTE V - RESTATEMENT

The accompanying financial statements for 1998 have been restated to account for an overstatement of inventory on the District's trucks in the amount of \$134,608. The effect of the restatement was to decrease net income, retained earnings, and inventory by \$134,608.

**SPECIAL REPORTS OF CERTIFIED
PUBLIC ACCOUNTANTS**

CONSOLIDATED WATERWORKS DISTRICT NO. 1
Jefferson Parish, Louisiana
REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1999

April 3, 2000

The Honorable Parish President and
The Honorable Jefferson Parish Council
Jefferson Parish, Louisiana

We have audited the financial statements of the Jefferson Parish Consolidated Waterworks District No. 1, a component unit of the Parish of Jefferson, State of Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Jefferson Parish Consolidated Waterworks District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Jefferson Parish Consolidated Waterworks District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Suplante, Chapman, Hogan & Maffei LLP